



# CONDENSED INTERIM FINANCIAL STATEMENT

FIRST QUARTER REPORT FOR THE PERIOD  
ENDED SEPTEMBER 30, 2013



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## FUND'S INFORMATION

<b>Management Company:</b>	ABL Asset Management Company Limited 11 - B, Lalazar M. T. Khan Road, Karachi.	
<b>Board of Directors</b>	Sheikh Mukhtar Ahmed Mr. Tariq Mahmood Mr. Muhammad Waseem Mukhtar Mr. Kamran Nishat Mr. M. Shakeb Murad Mr. M. Jawaid Iqbal Mr. Khawaja Muhammad Almas Mr. Farid Ahmed Khan	Chairman        CEO
<b>Audit Committee:</b>	Mr. Kamran Nishat Mr. Muhammad Waseem Mukhtar Mr. Khawaja Muhammad Almas	Chairman Member Member
<b>Human Resource Committee:</b>	Mr. Jawaid Iqbal Mr. Kamran Nishat Mr. Farid Ahmed Khan	Chairman Member Member
<b>Chief Executive Officer of The Management Company:</b>	Mr. Farid Ahmed Khan	
<b>Chief Financial Officer &amp; Company Secretary:</b>	Mr. Saqib Matin	
<b>Chief Internal Auditor:</b>	Mr. Mubeen Ashraf Bhimani	
<b>Trustee:</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi - 74400	
<b>Bankers to the fund:</b>	Allied Bank Limited Bank Al- Falah Limited United Bank Limited	
<b>Auditor:</b>	A.F. Ferguson & Co Chartered Accountants State Life Building No. 1-C I.I. Chundrigar Road, Karachi.	
<b>Legal Advisor:</b>	Bawany & Partners Room No. 404, 4th Floor Beaumont Plaza, 6 - C1 - 10, Beaumont Road, Civil Lines, Karachi.	
<b>Registrar:</b>	ABL Asset Management Company Limited. 11 - B, Lalazar, M. T. Khan Road, Karachi.	

## REPORT OF THE DIRECTORS OF THE MANAGEMENT COMPANY

The Board of Directors of ABL Asset Management Company Limited, the management company of ABL Islamic Income Fund (ABL-IIF), is pleased to present the un-audited Condensed Interim Financial Statements of ABL-IIF for the quarter ended September 30, 2013.

### ECONOMIC PERFORMANCE REVIEW

Pakistan's economic frailties came to the forefront during 1QFY14 as inflation surged, currency depreciated while growth estimates were slashed. Re-entry in to the IMF program (USD6.64 billion Extended Finance Facility availed) forced the Government to take some tough decisions in order to ensure multilateral agencies' support. With IMF placing stringent conditions related to FX reserve build up and removal of subsidies, inflation jumped to 7.39% in September (1QFY14 average 8.06%) after hitting a low of 5.1% in May while the rupee depreciated by 6.5% during 1QFY14 to close at 106.04 vs. the USD. Weak current account numbers (USD632 million deficit for 2MFY14) and a drive to build up the FX reserves played havoc with the exchange rate over the quarter. At one stage, the Rupee hit a record low of Rs.110 in the interbank before the SBP intervened to arrest the situation. Continuous weakness in key economic indicators and unabated government borrowing (Rs.262 billion for 1QFY14) resulted in the Central Bank taking an earlier than expected U-turn on its monetary stance as it increased the discount rate by 50bps to 9.5% in September's monetary policy statement. The hike in the discount rate ended a monetary easing cycle in which rates were cut by a cumulative 500bps over a period of over 2 years.

In the wake of worsening economic situation the IMF cut Pakistan's growth estimates to 2.3% from earlier projections of 3%. As we look towards FY13-14, it is now clear that we have entered a new phase of monetary tightening. With inflation likely to continue its upward trend due to rupee depreciation, increase in energy/fuel prices and stringent taxation measures, another 100bps policy rate hike over the course of the fiscal year is very much on the cards. Furthermore, Government borrowing is expected to remain high as foreign aid remains sporadic, privatization process is stalled while tax collection remains below targeted levels (Rs.480 billion collected in 1Q, shortfall of Rs.20 billion).

### MUTUAL FUND INDUSTRY REVIEW

The fixed income segment of the mutual fund industry showed a modest growth of 1.10% from Rs.233 billion in June 2013 to Rs.236 billion in September 2013. AUMs of the income fund category fell by 6.51% to Rs.52 billion in September 2013 from Rs.55 billion in June 2013. The decline is attributable to the reversal in monetary policy direction after a prolonged spell of declining interest rate regime which forced investors to redeem from high duration investments during the quarter. As a result, money moved from higher duration income funds to lower duration money market funds.

### FUND PERFORMANCE

ABL Islamic Income Fund generated a decent return of 7.37% p.a. against its benchmark return of 6.40%, thus showing an outperformance of 97bps during the first quarter of FY14. The main reason behind the outperformance is our strategy to exploit market conditions optimally to achieve Alpha. Moreover, attractive bank deposit rate due to quarter end also helped in delivering stable return performance.

During the quarter, the unit price of ABL IIF increased by 1.943% to close at 10.1943 (cum dividend). However, the fund size reduced minimally by 1.27% to close at Rs.1,157 million during the period under review. The WAM of the portfolio was also reduced proactively to 272 days owing to discount rate uncertainties. At the end of the quarter, investment in government securities and cash at banks stood at 48.62% and 50.61% of total assets respectively.

## OUTLOOK

We expect market to remain volatile in the short run due to high inflation expectations on account of sharp Rupee devaluation, hike in power tariff and increase in oil prices. With Pakistan's entrance into the IMF Extended Finance Facility during the period, stringent measures to ensure fiscal discipline have to be implemented. Going forward, we see testing time for economic managers as they need to take stringent steps in the short-term to address macro imbalances.

Going forward, ABL IIF return is expected to improve on account of fresh allocation to Governmentbacked (AAA Rated) floating rate Sukuk. Furthermore, we will maintain the current allocation of GoP Ijarah Sukuk since we do not expect significant re-pricing after 50 bps hike in discount rate as ample liquidity is available in the Islamic banking channels. However, we will keep portfolio duration at the lower side to curb return volatility until the dust settles on the monetary policy front.

## DIVIDEND

Interim distribution of Rs.0.1868 per unit (1.87% of the par value of Rs.10) for the quarter ending September 30, 2013 has been announced.

## AUDITORS

M/s. A.F. Fergusons & Co. (Chartered Accountants), have been appointed as auditors for the year ending June 30, 2014 for ABL Islamic Income Fund (ABL-IIF).

## FUND STABILITY RATING

JCR-VIS Credit Rating Company LTD. (JCR-VIS) on January 17, 2013 has reaffirmed the Fund Stability of ABL Islamic Income Fund at 'A+(f)' (Single A Plus (f)).

## MANAGEMENT QUALITY RATING

The Management Quality Rating of ABL Asset Management Limited (ABL AMC) is 'AM Two' (AM2). Outlook on the assigned rating is 'Stable'.

## ACKNOWLEDGEMENT

We thank our valued investors who have placed their confidence in us. The Board is also thankful to Securities & Exchange Commission of Pakistan, the Trustee (Central Depository Company of Pakistan Limited) and the management of Karachi Stock Exchange Limited for their continued guidance and support. The Directors also appreciate the efforts put in by the management team.

For and on behalf of the Board



**FARID AHMED KHAN**

Chief Executive Officer

**Karachi, October 30, 2013**

**ABL ISLAMIC INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT SEPTEMBER 30, 2013**

		September 30, 2013	June 30, 2013
	Note	-----Rupees-----	
		(Unaudited)	(Audited)
<b>ASSETS</b>			
Balances with banks	4	591,533,133	417,536,479
Investments	5	568,304,989	738,135,279
Profit receivable		7,618,704	26,779,734
Prepayments		174,587	-
Preliminary expenses and floatation costs		1,126,889	1,289,402
<b>Total assets</b>		<b>1,168,758,302</b>	<b>1,183,740,894</b>
<b>LIABILITIES</b>			
Payable to ABL Asset Management Company Limited - Management Company		3,192,055	3,062,515
Payable to Central Depository Company of Pakistan Limited - Trustee		148,997	146,232
Payable to Securities and Exchange Commission of Pakistan		212,733	936,804
Accrued expenses and other liabilities	6	5,884,743	5,315,895
Payable against redemption of units		2,168,237	2,199,906
Dividend Payable		15,164	14,896
<b>Total liabilities</b>		<b>11,621,929</b>	<b>11,676,248</b>
<b>NET ASSETS</b>		<b>1,157,136,373</b>	<b>1,172,064,646</b>
<b>UNIT HOLDERS' FUND (AS PER STATEMENT ATTACHED)</b>		<b>1,157,136,373</b>	<b>1,172,064,646</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	7	---Number of units---	
<b>NUMBER OF UNITS IN ISSUE</b>		<b>115,627,135</b>	<b>117,105,945</b>
		-----Rupees-----	
<b>NET ASSETS VALUE PER UNIT</b>		<b>10.0075</b>	<b>10.0086</b>
<b>FACE VALUE PER UNIT</b>		<b>10.0000</b>	<b>10.0000</b>

The annexed notes 1 to 13 form an integral part of these condensed Interim financial statements.

  
**FARID AHMED KHAN**  
 CEO

For ABL Asset Management Company Limited  
 (Management Company)

  
**KAMRAN NISHAT**  
 DIRECTOR

**ABL ISLAMIC INCOME FUND**  
**CONDENSED INTERIM INCOME STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
Note	Rupees	
<b>INCOME</b>		
Capital gain on sale of government securities-net	177,103	3,579,646
Profit on deposits with banks	9,074,549	7,163,698
Income from term deposit receipts	-	241,096
Income from sukuk	16,387,115	22,165,948
	25,638,767	33,150,388
Unrealised appreciation on re-measurement of investments classified as financial assets at fair value through profit or loss - net	445,757	-
<b>Total income</b>	<b>26,084,524</b>	<b>33,150,388</b>
<b>EXPENSES</b>		
Remuneration of ABL Asset Management Company Limited - Management Company	2,836,439	2,600,508
Remuneration of Central Depository Company of Pakistan Limited- Trustee	455,344	434,781
Sindh Sales Tax on Management Company's Remuneration	453,829	416,049
Federal Excise Duty on remuneration of Management Company	453,829	-
Amortisation of preliminary expenses and floatation costs	162,513	162,513
Annual fee - Securities and Exchange Commission of Pakistan	212,733	195,038
Auditors' remuneration	74,355	74,355
Bank charges	21,432	34,717
Annual rating fee	46,315	40,329
Printing charges	37,808	37,808
Brokerage and securities transaction costs	8,625	72,600
Listing fee	12,849	7,561
Other expense	72,072	-
<b>Total operating expenses</b>	<b>4,848,143</b>	<b>4,076,259</b>
<b>Net income from operating activities</b>	<b>21,236,381</b>	<b>29,074,129</b>
Element of income / (loss) and capital gains / (losses) included in prices of units issued less those in units redeemed - net	218,658	1,066,234
Provision for Workers' Welfare Fund	6.1 (429,101)	(604,343)
<b>Net income for the period before taxation</b>	<b>21,025,938</b>	<b>29,536,020</b>
Taxation	9 -	-
<b>Net income for the period after taxation</b>	<b>21,025,938</b>	<b>29,536,020</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>21,025,938</b>	<b>29,536,020</b>
<b>Earnings per unit</b>	10	

The annexed notes 1 to 13 form an integral part of these condensed Interim financial statements.

  
**FARID AHMED KHAN**  
 CEO

For ABL Asset Management Company Limited  
 (Management Company)

  
**KAMRAN NISHAT**  
 DIRECTOR

**ABL ISLAMIC INCOME FUND**  
**CONDENSED INTERIM DISTRIBUTION STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
	-----Rupees-----	
<b>Undistributed income / (Loss) brought forward comprising of:</b>		
- realised income	4,337,648	2,591,144
- unrealised loss	<u>(3,332,339)</u>	<u>-</u>
	1,005,309	2,591,144
 Interim distribution		
Re 0.1868 per unit on September 27, 2013 (2012: Re 0.2788 per unit on September 24, 2012)		
Cash distribution	(15,827)	(22,381)
Issue of 2,115,115 bonus units (2012: 2,945,055)	<u>(21,151,148)</u>	<u>(29,450,550)</u>
 Net income for the period after taxation	21,025,938	29,536,020
 Undistributed income carried forward	<u>864,272</u>	<u>2,654,233</u>
 <b>Undistributed income carried forward comprising of:</b>		
- realised income	418,515	2,654,233
- unrealised income	<u>445,757</u>	<u>-</u>
	<u>864,272</u>	<u>2,654,233</u>

The annexed notes 1 to 13 form an integral part of these condensed Interim financial statements.

  
**FARID AHMED KHAN**  
 CEO

For ABL Asset Management Company Limited  
 (Management Company)

  
**KAMRAN NISHAT**  
 DIRECTOR



**ABL ISLAMIC INCOME FUND**  
**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
	-----Rupees-----	
<b>Net assets at the beginning of the period</b>	1,172,064,646	1,059,763,164
Issue of 23,966,394 units (2012: 29,153,309 units)	242,295,157	296,559,551
Redemption of 27,560,319 units (2012: 29,297,855 units)	(278,014,883)	(296,938,780)
	(35,719,726)	(379,229)
Issue of 2,115,115 bonus units (2012: 2,945,055)	21,151,148	29,450,550
Net element of (income) / loss and capital losses/(gains) included in prices of units issued less those in units redeemed		
- amount representing (income) / loss and capital (gains) / losses - transferred to income statement	(218,658)	(1,066,234)
Net income for the period after taxation	21,025,938	29,536,020
Interim distribution		
Re 0.1868 per unit on September 27, 2013 (2012: Re 0.2788 per unit on September 24, 2012)	(15,827)	(22,381)
Cash distribution	(21,151,148)	(29,450,550)
Issue of 2,115,115 bonus units (2012: 2,945,055)	(21,166,975)	(29,472,931)
<b>Net assets at the end of the period</b>	<b>1,157,136,373</b>	<b>1,087,831,340</b>

The annexed notes 1 to 13 form an integral part of these condensed Interim financial statements.

For ABL Asset Management Company Limited  
(Management Company)

  
**FARID AHMED KHAN**  
 CEO

  
**KAMRAN NISHAT**  
 DIRECTOR

**ABL ISLAMIC INCOME FUND**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
Note	-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income for the period before taxation	21,025,938	29,536,020
<b>Adjustment for non-cash charges and other items</b>		
Unrealised appreciation on remeasurement of investments classified as financial assets at fair value through profit or loss - net	(445,757)	-
Element of (income) / loss and capital (gains) / losses included in prices of units sold less those in units redeemed - net	(218,658)	(1,066,234)
Amortisation of preliminary expenses and floatation costs	162,513	162,513
Provision for Workers' Welfare Fund	429,101	604,343
Federal excise duty on remuneration of Management Company	453,829	-
	381,028	(299,378)
<b>(Increase) / decrease in assets</b>		
Investments	170,276,047	82,045,517
Profit receivable	19,161,030	(12,734,339)
Prepayments	(174,587)	(157,109)
	189,262,490	69,154,069
<b>Increase / (decrease) in liabilities</b>		
Payable to ABL Asset Management Company Limited - Management Company	129,540	(18,815)
Payable to Central Depository Company of Pakistan Limited - Trustee	2,765	(1,187)
Payable to Securities and Exchange Commission of Pakistan	(724,071)	(385,898)
Accrued expenses and other liabilities	(314,082)	(62,809)
	(905,848)	(468,709)
<b>Net cash generated from operating activities</b>	209,763,608	97,922,002
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash distribution paid	(15,559)	(22,381)
Net (payments) / receipts against (redemption) / issuance of units	(35,751,395)	(119,227)
<b>Net cash used in financing activities</b>	(35,766,954)	(141,608)
<b>Net increase in cash and cash equivalents during the period</b>	173,996,654	97,780,394
Cash and cash equivalents at the beginning of the period	417,536,479	269,492,693
<b>Cash and cash equivalents at the end of the period</b>	591,533,133	367,273,087

The annexed notes 1 to 13 form an integral part of these condensed Interim financial statements.

  
**FARID AHMED KHAN**  
 CEO

For ABL Asset Management Company Limited  
 (Management Company)

  
**KAMRAN NISHAT**  
 DIRECTOR

**ABL ISLAMIC INCOME FUND**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

**1 LEGAL STATUS AND NATURE OF BUSINESS**

ABL Islamic Income Fund (the Fund) was established under a Trust Deed executed between ABL Asset Management Company Limited (ABL AMCL) as the Management Company and Central Depository Company of Pakistan Limited (CDC) as the Trustee. The Trust Deed was approved by the Securities and Exchange Commission of Pakistan (SECP) on June 11, 2010 in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the Trust Deed was executed on June 23, 2010.

The Management Company of the Fund has been licensed to act as an Asset Management Company under the NBFC Rules through a certificate issued by the SECP on December 7, 2007. The registered office of the Management Company is situated at 11-B, Lalazar, M.T Khan Road, Karachi.

The Fund is an open ended fund and is listed on the Karachi Stock Exchange (Guarantee) Limited. Units of the Fund are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund has been categorized as an open-end shariah compliant (islamic) income scheme as per the criteria laid down by the SECP for categorisation of Collective Investment Schemes (CIS).

The objective of the Fund is to seek maximum possible preservation of capital and offer steady rate of return by investing in liquid Shariah compliant instruments providing Halal income like Shariah compliant short-term Government Securities, cash and near cash instruments.

JCR-VIS Credit Rating Company has assigned Management Quality Rating of AM2 (stable outlook) to the Management Company as at June 21, 2013 and a fund stability rating of A+(f) to the Fund as at January 17, 2013.

The assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as trustee of the Fund.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the requirements of the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance and Notified Entities Regulations, 2008 (the NBFC Regulations) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Fund for the year ended June 30, 2013.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2013.

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The significant judgments made by management in applying the accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2013.

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Fund for the year ended June 30, 2013.

4	BALANCES WITH BANKS	Note	September 30,	June 30,
			2013	2013
			Rupees	
			(Unaudited)	(Audited)
	Saving accounts	4.1	584,947,109	413,927,882
	Current accounts	4.2	6,586,024	3,608,597
			<u>591,533,133</u>	<u>417,536,479</u>

4.1 These savings accounts carry profit at rates ranging from 6.00% to 9.00% (2013: 6% to 9.25%) per annum.

4.2 Balance in current account is maintained with Allied Bank Limited, a related party.

5	INVESTMENTS	Note	September 30,	June 30,
			2013	2013
			Rupees	
			(Unaudited)	(Audited)
	Financial assets 'at fair value through profit or loss'			
	GoP Ijara Sukuks	5.1	568,304,989	588,135,279
	Other Sukuk		-	150,000,000
			<u>568,304,989</u>	<u>738,135,279</u>

5.1 GoP Ijara Sukuks:

Issue date	Coupon Rate in% /tenor	Face value				Balance as at September 30, 2013			Market value as a percentage of net assets	Market value as a percentage of total Market value of investments
		As at July 01, 2013	Purchased during the period	Disposed / matured during the period	As at September 30, 2013	Cost	Market value	Appreciation		
Rupees										
March 7, 2011	9.02 / 3 Years	-	100,000,000	100,000,000	-	-	-	-	-	-
May 16, 2011	9.43 / 3 Years	-	164,500,000	164,500,000	-	-	-	-	-	-
March 2, 2012	8.99 / 3 Years	581,900,000	110,000,000	230,000,000	461,900,000	462,889,948	463,285,989	396,041	40.04	81.52
April 30, 2012	9.43 / 3 Years	5,000,000	-	-	5,000,000	5,013,000	5,019,000	6,000	0.43	0.88
September 18, 2012	9.05 / 3 Years	-	405,000,000	305,000,000	100,000,000	99,956,284	100,000,000	43,716	8.64	17.60
<b>Total - September 30, 2013</b>		<b>586,900,000</b>	<b>779,500,000</b>	<b>799,500,000</b>	<b>566,900,000</b>	<b>567,859,232</b>	<b>568,304,989</b>	<b>445,757</b>	<b>49.11</b>	<b>100</b>

6	ACCRUED EXPENSES AND OTHER LIABILITIES	Note	September 30,	June 30,
			2013	2013
			Rupees	
			(Unaudited)	(Audited)
	Auditors' remuneration		322,144	247,789
	Printing charges		185,693	147,885
	Provision for Workers' Welfare Fund	6.1	5,282,311	4,853,210
	Brokerage Payable		-	15,000
	Withholding tax payable		8,544	38,282
	Other Payable		86,051	13,729
			<u>5,884,743</u>	<u>5,315,895</u>

#### 6.1 Provision for Workers' Welfare Fund

The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Collective Investment Schemes / mutual funds (CISs) whose income exceeds Rs. 0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this connection, a constitutional petition has been filed by certain CISs through their trustees in the Honorable High Court of Sindh (the Court), challenging the applicability of WWF to the CISs, which is pending adjudication.

During the year ended June 30, 2011, a clarification was issued by the Ministry of Labour and Manpower (the Ministry) which stated that mutual funds are not liable to contribute to WWF on the basis of their income. However, on December 14, 2010, the Ministry filed its response against the constitutional petition requesting the Court to dismiss the petition. According to the legal counsel who is handling the case there is a contradiction between the aforementioned clarification issued by the Ministry and the response filed by the Ministry in the Court.

During the year ended June 30, 2012, the Honourable Lahore High Court (LHC) in a Constitutional Petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008, had declared the said amendments as unlawful and unconstitutional. In March 2013, a larger bench of the Honourable Sindh High Court (SHC) passed an order declaring that the amendments introduced in the WWF Ordinance, 1971 through the Finance Act, 2006 and the Finance Act, 2008 do not suffer from any constitutional or legal infirmity. However, the Honourable High Court of Sindh has not addressed the other amendments made in the WWF Ordinance 1971 about applicability of WWF to the CISs which is still pending before the Court. Without prejudice to the above, the Management Company, as a matter of abundant caution, has decided to retain the provision for WWF amounting to Rs 5.282 million (including Rs 0.429 million for the current period) in these condensed financial statements. Had the same not been made the net asset value per unit of the Fund as at September 30, 2013 would have been higher by Re 0.04568 per unit.

**7 CONTINGENCIES AND COMMITMENTS**

7.1 There were no contingencies and commitments outstanding as at September 30, 2013.

**8 PROVISION FOR FEDERAL EXCISE DUTY**

As per the requirement of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the remuneration of the Management Company has been applied effective June 13, 2013. The Management Company is of the view that since the remuneration is already subject to the provincial sales tax, further levy of FED may result in double taxation, which does not appear to be the spirit of the law. The matter has been taken up collectively by the Mutual Fund Association of Pakistan where various options are being considered. During the period, the Honourable High Court of Sindh in a Constitutional petition relating to levy of Federal Excise Duty (FED) on Mutual Fund has granted stay order for the recovery of Federal Excise Duty (FED). As a matter of abundant caution, the Management Company has made a provision with effect from June 13, 2013, aggregating to Rs. 539,390.

**9 TAXATION**

The Fund's income is exempt from Income Tax as per clause (99) of part I of the Second Schedule to the Income Tax Ordinance, 2001 subject to the condition that not less than 90% of the accounting income for the year as reduced by capital gains whether realised or unrealised is distributed amongst the unit holders. Further, as per Regulation 63 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the Fund is required to distribute 90% of the net accounting income other than unrealized capital gains to the unit holders. The management intends to distribute atleast 90% of the Fund's net accounting income earned by the year end to the unit holders. Accordingly, no provision in respect of taxation has been made in these condensed interim financial statements.

**10 EARNINGS PER UNIT**

Earnings per unit (EPU) has not been disclosed as in the opinion of management determination of cumulative weighted average units for calculation of EPU is not practicable.

**11 TRANSACTIONS WITH CONNECTED PERSONS**

**11.1 Details of transactions with connected persons are as follows**

	<b>Quarter Ended September 30, 2013</b>	<b>Quarter Ended September 30, 2012</b>
	<b>Rupees</b>	
	<b>(Unaudited)</b>	
<b>ABL Asset Management Company Limited - Management Company</b>		
Bonus of 125,076 units (2012: 170,654 units)	1,250,760	1,706,540
Remuneration for the period	2,836,439	2,600,508
Sindh Sales Tax on Management Fee	453,829	416,049
Federal Excise Duty on remuneration of Management Company	453,829	-
<b>TRUSTEE</b>		
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration for the period	455,344	434,781
<b>Allied Bank Limited-Holding Company of the Management Company</b>		
Bank charges	3,663	15,602

	Quarter Ended September 30, 2013	Quarter Ended September 30, 2012
	-----Rupees----- (Unaudited)	
<b>DIRECTORS OF THE MANAGEMENT COMPANY</b>		
<b>M. Shakeb Murad</b>		
Issue of Nil units (2012: 20,456 units)	-	205,000
Bonus of 917 units (2012: 1,367 units)	9,170	13,670
Redemption of 920 units (2012: 1,422 units)	9,317	14,367
<b>KEY MANAGEMENT PERSONNEL OF THE MANAGEMENT COMPANY</b>		
<b>Chief Executive Officer</b>		
Bonus of 2,072 units (2012: 2,827 units)	20,720	28,270
<b>Executives</b>		
Issue of 145,862 units (2012: 225,267 units)	1,469,925	2,280,000
Bonus of 7,650 units (2012: 11,664 units)	76,500	116,640
Redemption of 99,408 units (2012: 40,760 units)	1,000,000	410,000
	September 30, 2013	June 30, 2013
	-----Rupees----- (Unaudited) (Audited)	
<b>11.2 Amounts outstanding at the year / period end</b>		
<b>ABL Asset Management Company Limited - Management Company</b>		
Outstanding 6,820,798 units (2013: 6,695,722 units)	68,259,007	67,014,801
Preliminary expenses and floatation costs payable	1,289,506	1,934,258
Remuneration payable to Management Company	931,197	898,661
Sindh Sales tax on Management Company's remuneration	148,991	143,786
Federal excise duty on Management Company's remuneration	539,390	85,810
Sales Load Payable to Management Company	282,971	-
<b>TRUSTEE</b>		
<b>Central Depository Company of Pakistan Limited - Trustee</b>		
Remuneration payable	148,997	146,232
<b>Allied Bank Limited-Holding Company</b>		
Balances in current account	6,586,024	3,608,597
<b>DIRECTORS OF THE MANAGEMENT COMPANY</b>		
<b>M. Shakeb Murad</b>		
Outstanding 50,011 units (2013: 50,014 units)	500,485	500,570
<b>KEY MANAGEMENT PERSONNEL OF THE MANAGEMENT COMPANY</b>		
<b>Chief Executive Officer</b>		
Outstanding 112,973 units (2013: 110,901 units)	1,130,577	1,109,964
<b>Executives</b>		
Outstanding 417,190 units (2013: 363,086 units)	4,175,029	3,633,983

**12 GENERAL**

**12.1** Figures have been rounded off to the nearest rupee.

**12.2** Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation. No significant reclassifications have been made during the current period.

**13 DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 30, 2013 by the Board of Directors of the Management Company.

  
FARID AHMED KHAN  
CEO

For ABL Asset Management Company Limited  
(Management Company)

  
KAMRAN NISHAT  
DIRECTOR



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